UNITED STATES PATENT AND TRADEMARK OFFICE

UNITED STATES DEPARTMENT OF COMMERCE
United States Patent and Trademark Office
Address: COMMISSIONER FOR PATENTS
P.O. Box 1450
Alexandria, Virginia 22313-1450
www.uspto.gov

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/827,657	04/05/2001	Richard E. McNutt	ODS/035	5396

75563   7590   09/22/2009
ROPES & GRAY LLP
PATENT DOCKETING 39/361
1211 AVENUE OF THE AMERICAS
NEW YORK, NY 10036-8704

EXAMINER
D AGOSTINO, PAUL ANTHONY

ART UNIT	PAPER NUMBER
3714	

MAIL DATE	DELIVERY MODE
09/22/2009	PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

UNITED STATES PATENT AND TRADEMARK OFFICE
_____

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES
_____

Ex parte RICHARD E. McNUTT and DOUGLAS V. RAMSEY
_____

Appeal 2009-003451
Application 09/827,657
Technology Center 3700
_____

Decided: September 22, 2009
_____

Before DONALD E. ADAMS, ERIC GRIMES, and
RICHARD M. LEBOVITZ, *Administrative Patent Judges*.

LEBOVITZ, *Administrative Patent Judge*.

DECISION ON APPEAL

   This is a decision on the patent applicants' appeal from the patent

examiner's rejections of claims 1, 5, 11, 15, 19, and 25 under 35 U.S.C.

§§102(e) and 103(a). Jurisdiction for this appeal is under 35 U.S.C. § 6(b).

We reverse.

STATEMENT OF THE CASE

The claimed invention is to a method of betting on a race. According to the Specification, the method promotes "wagering" by rewarding certain wagerers (Spec. 2:1-6). This is accomplished by providing a prize (an "incentive") to a wagerer after the occurrence of a specific event, such as placing a first bet, making a deposit of a certain size in a wagering account, or placing a bet of a particular size (*id.* at 2:8-31). Thus, a wagerer is "recognized" in the claimed method by providing a prize as an incentive to encourage further play (*id.* at 2:13-16).

Claims 1, 5, 11, 15, 19, and 25 stand rejected; claims 2-4, 6-10, 12-14, 16-18, 20-24, and 26-28 are pending, but were withdrawn from patent examination as directed to "non-elected" species (App. Br. 3). The following rejections are appealed:

Claims 1, 11, 15, and 25 under 35 U.S.C. § 102(e) as anticipated by Stronach (U.S. Pat. No. 6,722,980 B2, Apr. 20, 2004) (Ans. 3); and

Claims 5 and 19 under 35 U.S.C. § 103(a) as obvious in view of Stronach and Acres (U.S. Pat. No. 6,364,768 B1, Apr. 2, 2002) (Ans. 4-5).

Claim 1 is representative and reads as follows:

1. A method for recognizing a wagerer of an interactive wagering application implemented at least partially on user equipment, comprising:

   receiving racing data at the user equipment from a racing data provider, wherein at least a portion of the racing data originates from at least one race track where races corresponding to the received racing data are being run;

   allowing a wagerer at the user equipment to place a parimutuel wager on one of the races;

>   determining if the wagerer is to be recognized based on
> one criterion of a plurality of criteria, wherein each criterion of
> the plurality of criteria is associated with a different incentive;
> and
>
>   when the wagerer is determined to be recognized based
> on the one criterion, providing the incentive associated with the
> one criterion to the wagerer.

Independent Claim 15 is to an "interactive wagering system" configured to carry out the same steps recited in claim 1. Claims 11 and 25 depend on claims 1 and 15, respectively.

ANTICIPATION BY STRONACH

Claims 1, 11, 15, and 25 stand rejected under 35 U.S.C. § 102(e) as anticipated by Stronach (Ans. 3).

Statement of Issue

Claim 1 is directed to a method "for recognizing a wagerer." The method comprises steps of "receiving racing data," "allowing a wagerer . . . to place a parimutuel wager," and "determining if the wagerer is to be recognized." The wagerer is recognized "based on one criterion of a plurality of criteria, wherein each criterion of the plurality of criteria is associated with a different incentive." When the wagerer is "determined to be recognized," the method comprises the step of "providing the incentive associated with the one criterion to the wagerer."

The Examiner contends that all the steps recited in claim 1 are met, expressly or inherently, by the system described in the Stronach patent. Appellants contend that Stronach does not describe recognizing a wagerer "based on one criterion of a plurality of criteria, wherein each criterion of the plurality of criteria is associated with a different incentive." Appellants

3

assert that the Examiner erred by finding that the Stronach patent met this
limitation "inherently" by its disclosure of a payout table. The issue to be
resolved in this appeal is whether the Examiner erred in finding that
Stronach inherently described the step of recognizing a wagerer "based on
one criterion of a plurality of criteria, wherein each criterion of the plurality
of criteria is associated with a different incentive."

Principles of Law

> Because the hallmark of anticipation is prior invention,
> the prior art reference – in order to anticipate under 35 U.S.C. §
> 102 – must not only disclose all elements of the claim within
> the four corners of the document, but must also disclose those
> elements "arranged as in the claim." *Connell v. Sears, Roebuck
> & Co.*, 722 F.2d 1542, 1548 (Fed. Cir. 1983).

Net MoneyIN, Inc. v. VeriSign, Inc., 545 F.3d 1359, 1369 (Fed. Cir. 2008).

"To anticipate a claim, a prior art reference must disclose every
limitation of the claimed invention, either explicitly or inherently.
Anticipation is an issue of fact, and the question whether a claim limitation
is inherent in a prior art reference is a factual issue." *In re Schreiber*, 128
F.3d 1473, 1477 (Fed. Cir. 1997) (citations omitted).

> A claim limitation is inherent in the prior art if it is
> necessarily present in the prior art, not merely probably or
> possibly present. *Rosco v. Mirror Lite*, 304 F.3d 1373, 1380
> (Fed. Cir. 2002). "[T]he dispositive question regarding
> anticipation is whether one skilled in the art would reasonably
> understand or infer from the prior art reference's teaching that
> every claim [limitation] was disclosed in that single reference."
> *Dayco Prods., Inc. v. Total Containment, Inc.*, 329 F.3d 1358,
> 1368 (Fed. Cir. 2003) (internal quotation marks and alterations
> omitted).

Akamai Technologies Inc. v. Cable & Wireless Internet Services Inc., 344
F3d 1186, 1192 (Fed. Cir. 2003).

<div align="center">Facts ("F")</div>

Claim 1

1. Claim 1 is to a method of recognizing a wagerer using "an interactive
wagering application implemented at least partially on user equipment."

2. The method comprises steps of "receiving racing data," "allowing a
wagerer . . . to place a parimutuel wager," and "determining if the wagerer is
to be recognized."

3. The wagerer is recognized "based on one criterion of a plurality of
criteria, wherein each criterion of the plurality of criteria is associated with a
different incentive." As described in the Specification, a criterion can be
whether a wagerer has placed a bet for the first time, a bet of a particular
size, or specific number of total wagers (Spec. 2:13-31).

4. When the wagerer is recognized, the method comprises the step of
"providing the incentive associated with the one criterion to the wagerer."
According to the Specification, the incentive can include discounts for
services, credits to accounts, gifts, etc. (Spec. 3: 8-26).

The Stronach patent

5. Stronach describes a "wagering system" comprising a "system facilitating
wagering on race events and providing information regarding the race
events, and at least one wagering terminal." (Abstract)

6. Stronach's wagering terminal is configured to receive racing data from a
"racing providing system" and allows a wagerer to place a parimutuel

wager. (Figs. 1-4; wagering terminal 120; Col. 3, l. 30 – col. 4, l. 57; col. 13, l. 66 – col. 14, l. 19; Ans. 3.)

7. Stronach teaches:

> The wagering processor may also be configured to provide a prize to a user upon the submission of a wager. For example, the submission of a wager may trigger, according to a prize selection algorithm, the provision of a prize to the user, for example, in the form of a credit of the user's account or a credit or other type of prize on a ticket provided from the ticket dispensing device. In an embodiment, the prize selection algorithm may simply be a random seed or else the prize selection algorithm may determine to provide a prize after every certain amount of wager submissions through the wagering terminal. In another embodiment, where the prize selection algorithm is implemented across the wagering system, the prize selection may determine to provide a prize to a particular wagering terminal after every certain amount of wager submissions through wagering terminals throughout the wagering system.

(Col. 10, l. 66-col. 11, l. 14.)

8. Stronach describes a "payout table" for determining the payout for a specific wager (Col. 16, ll. 44-67). The payout table shows how much money is won for a wager of a particular amount (*id.*; Fig. 8).

9. Stronach states: "As will be apparent to those skilled in the art, payout tables may be provided for wager types other than the win wager type." (Col. 17, ll. 2-4.)

Comparison between Stronach and the claimed invention

10.   Appellants do not dispute the Examiner's findings that Stronach (F5-6) describes a method comprising "receiving racing data," "allowing a wagerer

. . . to place a parimutuel wager," and "determining if the wagerer is to be recognized" as recited in claim 1 (Ans. 3-4).

11. The Examiner found that Stronach's description of configuring a wagering processor to use a prize selection algorithm to award a user a prize met the claim 1 limitation of "determining if the wagerer is to be recognized based on one criterion of a plurality of criteria, wherein each criterion of the plurality of criteria is associated with a different incentive." (Ans. 3.)

12. The Examiner found that the claimed limitation of "each criterion of the plurality of criteria is associated with a different incentive" was met by Stronach's description of payout tables because "pay tables are a prize selection algorithm." (Ans. 6.)

13. The Examiner explained:

> Stronarch [sic] teaches a prize selection algorithm. This algorithm as was noted in prior actions is used to determine a prize according to the particular amount of a wager submission. Prizes can be random or associated with a pay table. A pay table is well known in the art to correlate combinations of outcomes and wagers (See column 11 lines 6-14). A player is recognized on the criterion of a wagered amount and provided an incentive based on the credits awarded or other prizes (see column 10 line 66 through column 11 line 5). While Stronach [sic] does not specifically indicate a pay table is associating outcomes and wagers, it is inherent based on the definition of a pay table. That is to say a correlation between wager and incentive is necessarily present in the concept of a pay table. See Continental Can Co. USA v. Monsanto Co. Thus, it is deemed to be inherent that a pay table correlates a wager with an incentive.

(Ans. 6.)

Analysis

The only issue to be resolved in this appeal is whether Stronach teaches that "each criterion" which is used to recognize a wagerer "is associated with a different incentive" as required by claim 1. The Examiner found this claim limitation to have been met by Stronach's description of a payout table. In other words, the payout table, when used as a prize selection algorithm, would direct the award of different prizes ("incentives") for different criteria. Appellants dispute the Examiner's finding. They assert that Stronach's payout table is used to determine actual or potential payout for a given wager, but is not described as a prize selection algorithm. (App. Br. 8.)

Anticipation is an issue of fact. Therefore, we must take a close look at the Stronach patent to determine whether it – in fact – describes the disputed step.

Stronach discloses that a wagering processor may be utilized to provide a prize based on the occurrence of a specific event (F7). The exact words of Stronach are that "the submission of a wager may trigger . . . the provision of a prize to the user." (*Id.*) In the same paragraph, Stronach teaches that whether a wager triggers a prize award is determined by a "prize selection algorithm." (F7). The prize selection algorithm is used to determine when to award a prize: "the prize selection algorithm may simply be a random seed or else the prize selection algorithm may determine to provide a prize after every certain amount of wager submissions" (F7). Thus, the claimed step of "determining if the wagerer is to be recognized based on one criterion of a plurality of criteria" is carried out by the prize

selection algorithm, where a criterion is a wager amount or a random selection (F11 & 13).

Stronach does not describe how the *type* of prize (the claimed "different incentive") is selected in the paragraph at columns 10-11 (F7). However, the Examiner found that the pay table – described further down in the Stronach patent – is "well known in the art to correlate combinations of outcomes and wagers." (F13.) The Examiner reasoned that the "prize selection algorithm" is used for the same purpose of correlating outcomes ("incentives" as in claim 1 or "prizes" as in Stronach) with wagers and therefore a person of ordinary skill in the art would have inferred that the pay table is a prize selection algorithm to be used to determine the prize type. (*Id.*)

To show that a limitation is inherently taught by a prior art reference, the Examiner must establish that one skilled in the art "would reasonably understand or infer from the prior art" teaching that the claim limitation is necessarily present. *Akamai Technologies Inc,* 344 F.3d at 1192. In this case, the Examiner appears to have drawn a parallel between Stronach's description of providing a prize as an incentive (F7) and a payout for a wager outcome (F8). The Examiner reasoned that providing a prize after placing a bet of a certain amount or some other trigger (F7) is the same as winning a bet (F8). Since the prize type of the latter (i.e., how much money is won) is determined by a payout table (F8-9), the Examiner appears to have inferred that a payout table could be used for the former, as well.

The Examiner's reasoning is not persuasive. The Examiner explained why a payout table could be used as a prize selection algorithm, but did not provide evidence that this would *necessarily* be inferred or understood by

the skilled worker upon reading the Stronach patent. Anticipation is a strict test that requires a description of all elements of the claim in a single prior art reference, explicitly or inherently. The Examiner has not pointed to anything in the Stronach patent that would have led the skilled worker to have inevitably and with certainty used the pay table to award a prize. As depicted in Figure 8, the pay table associates a wager amount with a payout (F8). Stronach does not link the wager payout with the prize selection algorithm. Thus, the Examiner did not provide sufficient evidence to establish that all the steps of the method and system of claims 1 and 15 were described by Stronach.

OBVIOUSNESS OVER STRONACH AND ACRES

Claims 5 and 19 stand rejected under 35 U.S.C. § 103(a) as obvious in view of Stronach and Acres (Ans. 4-5).

Claims 5 and 19 depend on claim 1 and 15, respectively, and therefore incorporate all their limitations. Acres was relied upon by the Examiner for its teaching for recognizing a wagerer as a VIP (Ans. 5). As Acres does not compensate for the deficiency described above in the Stronach patent, we are compelled to reverse the rejection.

CONCLUSION OF LAW & SUMMARY

The Examiner erred in finding that Stronach inherently described the step of recognizing a wagerer "based on one criterion of a plurality of criteria, wherein each criterion of the plurality of criteria is associated with a different incentive" as recited in claim 1. We reverse the rejections of claims 1, 5, 11, 15, 19, and 25 under 35 U.S.C. §§102(e) and 103(a).

REVERSED

alw

ROPES & GRAY LLP
PATENT DOCKETING 39/361
1211 AVENUE OF THE AMERICAS
NEW YORK NY 10036-8704